

Message Text

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ACTION ARA-10

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TO SECSTATE WASHDC IMMEDIATE 2108

INFO TRSY WASHDC IMMEDIATE

UNCLAS MEXICO 11443

E.O. 11652: N/A

TAGS: EFIN, MX

SUBJ: TREASURY SWAP

TRSY FOR BUSHNELLL

1. FOLLOWING IS INFORMAL TRANSLATION OF BANK OF MEXICO PRESS
STATEMENT ON TREASURY SWAP AND FEDERAL RESERVE SWAP.

QUOTE: US-MEXICAN STABILIZATION AGREEMENT INCREASED SUBSTAN-
TIALY.

BEGINNING JANUARY 1, 1976, THE BANK OF MEXICO AND THE
U.S.-TREASURY HAVE AGREED TO RENEW FOR TWO MORE YEARS THE
STABILIZATION AGREEMENT, INCREASING IT BY FIFTY PERCENT FROM
US\$200 TO 300 MILLION FOR THE PERIOD 1976-1977. THE FIRST
AGREEMENT WAS SIGNED IN NOVEMBER 1941 FOR AN AMOUNT OF
US 40 MILLION; THE LAST RENEWAL WAS AGREED UPON BEGINNING
JANUARY 1, 1974 FOR TWO YEARS, HAVING BEEN ON THIS OCCASION
INCREASED FROM US\$100 TO 200 MILLION.

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THE RENEWAL OF THE AGREEMENT UNTIL DECEMBER 1977 AND

ITS INCREASE WAS SIGNED DECEMBER 20, 1975 BY
LIC. MARIO RAMON BETETA, SECRETARY OF TREASURY AND PUBLIC
CREDIT, REPRESENTING THE BANK OF MEXICO, AND BY JOHN A.
BUSHNELL, ASSISTANT SECRETARY OF THE U.S. TREASURY.

BESIDES SERVING FOR MUTUAL FINANCIAL SUPPORT THE
AGREEMENT ALSO CALLS FOR PERIODIC CONVERSATION TO EXAMINE
FINANCIAL RELATIONS BETWEEN THE TWO COUNTRIES.

IN ADDITION AND AS THE PRESIDENT OF THE REPUBLIC
ANNOUNCED IN HIS INFORME OF SEPTEMBER 1, ON AUGUST 29 OF
THIS YEAR THE BANK OF MEXICO AND THE FEDERAL RESERVE BANK
OF NEW YORK ALSO INCREASED THEIR AGREEMENT FROM US DOLLARS
180 TO 360 MILLION. TOGETHER THE SECONDARY SUPPORTS TO
THE BANK OF MEXICO'S RESERVES FROM THE U.S. TREASURY AND
THE NEW YORK FEDERAL RESERVE BANK INCREASED U.S. DOLLARS
280 MILLION. THE BANK OF MEXICO ALSO HAS THE EQUIVALENT
OF U.S. DOLLARS 715 MILLION IN IMF CREDIT TRANCHES.

ON DECEMBER 18, THE BANK OF MEXICO PAID TO THE FEDERAL
RESERVE BANK OF NEW YORK THE SUM OF US DOLLARS 360 MILLION
THAT FOR SEASONAL REASONS IT HAD DRAWN DURING SEPTEMBER
AND OCTOBER OF THIS YEAR; THEREFORE, AS OF TODAY, THE TOTAL
OF SECONDARY RESERVES FREELY USABLE IN THEIR TOTALITY AMOUNT
TO US DOLLARS 1,375 MILLIONS, INDEPENDENT OF THE GOLD, SILVER
AND FOREIGN EXCHANGE RESERVES OF THE BANK OF MEXICO.
END QUOTE.

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